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C O N F I D E N T I A L SECTION 01 OF 02 PRAGUE 000016

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TAGS: [PGOV](#) [PREL](#) [EZ](#)

SUBJECT: ZEMAN OUT OF RETIREMENT, OFFERING LEFT WING  
ALTERNATIVE

Classified By: CDA Mary Thompson-Jones for reasons 1.4(b) and (d)

¶1. (C) Summary: Former Social Democrat (CSSD) Prime Minister Milos Zeman (65) announced in early January that he will reenter politics and run for parliament under the Party of Citizens' Rights (SPO). Zeman has chosen the Ustecky Region in North Bohemia, where current CSSD Chairman Jiri Paroubek is running. Zeman was the former Chairman of CSSD but left the party in 2007 after clashing with Paroubek. Zeman retired from politics in 2003 after losing his bid for the Czech Presidency to Vaclav Klaus. The SPO was recently founded to facilitate Zeman's bid for election. Parties must gain at least five percent of the vote to make it into parliament, and the recent emergence of the new TOP 09 party as a right-of-center alternative to the Civic Democrats (ODS) may have given SPO inspiration to provide an outlet for disgruntled left-of-center voters. Though SPO recently polled at 3.3 percent, it is still unclear what, if any, impact Zeman and SPO will have on the parliamentary elections tentatively scheduled for May 28-29. CSSD is the party that loses the most by SPO's emergence, as it would be a logical choice for disgruntled CSSD voters, but Zeman will have difficulty appealing to younger voters. End Summary.

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Political Dinosaur  
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¶2. (SBU) Milos Zeman is an economist by training, having studied at the Vysoka Skola Ekonomicka (University of Economics, Prague). Although he opposed to the 1968 Prague Spring invasion, he did not take an active role in the dissident movement and during the normalization period was allowed to pursue a professional economic career. While obscure publicly, he was a known entity within academic economic circles. In 1984, he began working as a government economist in the forecasting department and shortly before the Velvet Revolution published a paper on the future of the Czechoslovak economy that was viewed as critical of the government. The timing of the publication was propitious, as it brought him notoriety just prior to the Revolution.

¶3. (SBU) After the Velvet Revolution, Zeman utilized his new-found notoriety and became active in the left-of-center camp of the Civic Forum (OF), quickly realizing that an opposition party was viable as a counter to Vaclav Klaus and the right-of-center Civic Democrat party (ODS) that Klaus founded in 1991 after the OF dissolved. Zeman saw the Social Democrat Party (CSSD), a long-established but weak, inconsequential and (most importantly) leaderless party, as his best opportunity to gain power. He is widely acknowledged to have pulled CSSD from obscurity and transformed it into a major political party. He served as CSSD chairman from 1993 to 2001, at which time he was succeeded by Vladimir Spidla. Zeman was first elected to the parliament in 1996 and was speaker of the Chamber of Deputies from 1996 to 1998. After the 1998 parliamentary elections, he became Prime Minister and served as PM until 2002. He fully retired from politics following his failed Presidential bid in 2003.

14. (C) Zeman is not viewed as corrupt but likes power. He is often described as a smart politician who handles the press well because of his biting wit and sharp speech. He is not an ideologue and is very pragmatic. His ability to quickly cut an opposition agreement with Vaclav Klaus, with whom he has acrimonious relations, after the 1998 parliamentary elections is often cited as an example of Zeman putting practicality over politics. He ran for President in 2003 against Klaus and lost. His defeat is attributed to his loss of support within CSSD. After anointing Vladimir Spidla as his successor, Zeman was accused of backroom manipulation of the party after Spidla proposed eliminating the spheres of influence that CSSD and ODS had developed within the governmental ministries as a result of the opposition agreement in 1998. These "spheres of influence" that developed after the opposition agreement continue today and are often cited as a cause of the Czech Republic's corruption problem. Spidla told an Embassy contact directly that he initially supported Zeman's bid for the Presidency 2003 but then withdrew it after Zeman "turned against him." Zeman's flagging support among CSSD members allowed Klaus to garner enough parliamentary votes to win the election, an election many thought Zeman could have won had he been more forthright about his presidential ambitions.

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The Party of Citizens' Rights  
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15. (C) The Party of Citizen's Rights (SPO) was established in October 2009 and registered in December. The party was

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established by the "friends of Zeman" and is comprised of some former ministers from Zeman's cabinet and other businessmen. One of these, Miroslav Slouf (62), is a high-powered lobbyist/deal-maker who exerted significant control in the CSSD ranks. Slouf has been on the outs lately with CSSD leaders and may see SPO as a way to maintain his access in government and pay back Paroubek for limiting his access. Slouf has also been connected to Russian sources of financing (Lukoil, a Russian-owned oil company is one of his major clients) as well as the intelligence services, which could haunt Zeman later on if his candidacy becomes serious. In addition, Frantisek Cuba (73), a former Czechoslovak Communist Party member and chairman of an agricultural cooperative under the communist regime, joined SPO and is backing Zeman. This connection could also haunt Zeman.

16. (C) Zeman's motivation for reentering politics is unclear. During a news conference on January 4, he said that Jiri Paroubek's previous comment calling him (Zeman) a "coward" for not running was the last straw that made him run. It is hard to believe that Zeman would reenter politics after a 7-year hiatus on a dare. One analyst suggested to Poloff that some of Zeman's "friends" - notably Slouf - may be driving this. More likely, another leading political scientist noted, it is personality driven. Zeman likes politics, loves power and often sees himself in a messianic role. His desire to save the republic from what he views as incompetent politicians, combined with his dislike for Paroubek, may explain his decision to wade again into the political waters.

17. (C) According to Zeman, the SPO should push for direct democracy, greater Czech involvement in foreign anti-terrorist missions, progressive taxation and other unspecified luxury taxes. SPO would also reject patient health care fees and tuition fees. Financing will not be an issue. If SPO can maintain momentum and inch closer to the five percent voter threshold for entering parliament, Slouf and the other "friends" will ensure a steady stream of donations. On January 11, MP Kosta Dimitrov defected from CSSD and joined SPO. Dimitrov is a relatively unknown MP. Zeman said up to seven additional parliamentarians could do

so as well, most notably Karel Splichal. Jiri Paroubek called this "an act of a desperate man."

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Chances of Success  
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18. (C) Comment: Frustration with Czech politicians is running high. According to a recent STEM poll, only 24 percent of Czechs are happy with the political situations. TOP 09 has presented itself as a right-of-center alternative to ODS, but has made clear that it is a natural coalition partner with ODS. TOP 09 Chairman Karel Schwarzenberg reiterated this point in his speech at the ODS program congress in November. SPO is presenting itself as a left-of-center alternative to CSSD, but may find it difficult to be a coalition partner with CSSD even if SPO makes it into parliament, since Zeman and Paroubek are publicly attacking each other.

19. (C) Comment Continued. Opinions vary on Zeman's and SPO's potential success. In another recent STEM poll, Zeman had a 51 percent approval rating (the same, ironically, as TOP 09 Chairman Karel Schwarzenberg). While Zeman is a somewhat popular figure with older voters, his message and persona do not resonate with the younger crowd. A popular political editor for daily newspaper said Zeman and SPO have a chance of making it into parliament because of his political battle with Paroubek. Privately, however, other political analysts have called Zeman's announcement a "tempest in a teapot", predicting Zeman's bid will fizzle in a few weeks under closer scrutiny. The defection of CSSD MP shows Zeman is actively working behind the scenes to shore up support. But, as an aging former CSSD head, he will find it difficult to attract many other CSSD members who are looking to the future (not the past) for solutions. End Comment.  
Thompson-Jones